

**REGULAR MEETING OF
BELMONT REDEVELOPMENT AGENCY
Tuesday, February 10, 2009
CITY COUNCIL CHAMBERS, ONE TWIN PINES LANE**

CALL TO ORDER 7:47 P.M.

ROLL CALL

Directors Present: Dickenson, Feierbach, Wozniak, Braunstein

Directors Absent: Lieberman

Staff Present: Executive Director Crist, Finance Director Fil, Community Development Director de Melo, Agency Attorney Zafferano, City Treasurer Violet, Agency Secretary Cook

CONSENT CALENDAR

Approval of Minutes of Regular Meeting of January 13, 2009

Approval of Resolution 488 Approving Amendment No.1 to the Professional Services Agreement with Ninyo and Moore in the Amount of \$29,400 for Environmental Consulting Services for the Old Belmont Fire Station at 875 O'Neill Avenue

Approval of Resolution 489 Authorizing the Executive Director to Enter Into a Professional Services Agreement with McDonough Holland & Allen to Serve as Special Counsel for the Redevelopment Agency.

ACTION: On a motion by Director Dickenson, seconded by Director Wozniak, the Consent Agenda was unanimously approved by a show of hands.

Jerry Ramiza/Iris Yang, attorneys McDonough Holland & Allen, stated that they look forward to working with the City of Belmont on redevelopment projects.

ADDITIONAL BUSINESS

Discussion and Direction Regarding Redevelopment Agency Pass-Through Payments

Finance Director Fil stated that the goal of redevelopment agencies is to relieve blight and produce housing. Belmont's Redevelopment Agency was formed in the early 1980's. He explained how the tax increment was calculated, and noted that other entities, such as the school districts, receive increment as well. He explained the process for how redevelopment agencies issue debt. Belmont recently took action to extend the life of its Agency. State law requires that if the life of a redevelopment agency is extended, additional pass-through payments for other agencies, including the City of Belmont and the Belmont Fire Protection District, are required.

Finance Director Fil noted that the County recently audited the Redevelopment Agency pass-through payment for Agencies that had extended their lives. The City is in disagreement with the County's calculations for the additional pass through payments. He clarified that checks have been issued on mutually-agreed upon amounts. Keyser Marsten, consultant, is performing additional work to reconcile the disputed amounts, and will be making its recommendation.

Finance Director Fil also noted that information was received from the California Redevelopment Association that the first round of a lawsuit was won that protects redevelopment agency funds. He explained that as a result of the State Budget, ERAF (Education Revenue Augmentation Fund) payments by the Redevelopment Agency were required for fiscal years 2003 through 2006, and again, will be required for 2009. Some monies have been passed through for school capital funding projects.

In response to Directors' questions, Finance Director Fil clarified that Redevelopment ERAF payments were used for capital projects completed at Nesbit School in previous years, and staff is working on having those funds allocated towards the disputed amount.

Discussion ensued regarding ERAF payment options, clarification regarding sources of funds, and how payments are made. In response to Directors' questions, Finance Director Fil clarified that the Redevelopment Agency will wait until the May deadline to make the ERAF payment to the County, in the event the lawsuit filed by the California Redevelopment Association is favorable. He added that it is unknown what the outcome might mean for the future of the Redevelopment Agency, especially if the outcome is unfavorable. He noted that the State is meeting in closed session on this matter, and the status is unknown. If these pass-through payments are to become permanent, there would be a sufficient revenue stream for the Redevelopment Agency to be able to pay its debt. He added that ongoing payments are not a permanent solution, and a renegotiation of the agreements for the other agencies may become necessary.

Discussion ensued.

Finance Director Fil noted that each redevelopment agency is unique and individual, and a comparison with what other cities are doing would be problematic. He added that Belmont has many successes in its Redevelopment Agency.

Chair Braunstein stated that the new RDA attorneys should provide input on this issue, which needs to be further vetted in order to absorb the implications of these regulations.

Executive Director Crist stated that this is a complex issue. He added that the State has taken money from cities five times in the past, and each time it was promised to be only one time. This action has an adverse effect on cities and school districts, and the schools do not seem to have a clear grasp of the situation.

There was concurrence to follow staff's recommendation to withhold the 2009 ERAF pass-through payment, consistent with past practice, to authorize payment of backfill monies from the RDA Capital Projects Fund, and to schedule individual meetings with RDA Directors to further clarify this issue.

ADJOURNMENT at this time, being 8:30 P.M.

Meeting audio-recorded and videotaped

Terri Cook

Audio Recording 718

Agency Secretary